| Guildford Borough Council | | |
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| **Report title:** Financial Monitoring Report for Period 7 2025-26 | | |
| **Report to:** Corporate Leadership Board | | |
| **Date**: 28 January 2026 | | |
| **Lead Councillor responsible:** Phil Bellamy<br>**Contact Email:** phil.bellamy@guildford.gov.uk | | |
| **Report of Strategic Director:** Jo Knight, Joint Strategic Director of Finance & Resources<br>**Contact Email:** jo.knight@guildford.gov.uk | | |
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| **Wards affected:** All | | |
| **Exempt from publication:** No | | |
| **Key Decision:** No | **If a Key Decision, date registered on Forward Plan: N/A** | |
| **Report cleared for publication by:** | | |
| **Finance** | Andrew Vallance | |
| **Legal** | Susan Sale | |
| **Governance** | Susan Sale | |
| **HR and Equalities** | Claire Weavis | |
| **Strategic Director** | Jo Knight | |
| **Democratic Services** | Alex Polak | |
| **Executive Portfolio Holder final consultation** | | |

## 1. Executive Summary

1.1 The report summarises the projected outturn position for the Council's General Fund (GF) revenue account and Housing

Revenue Account (HRA), based on the latest actual and accrued data.

1.2 Officers are projecting an underspend within services on the GF revenue account of £0.686 million which includes specific reserves transfers. Whilst there are several smaller forecast changes across the Directorates, the main areas that contribute towards this overall favourable position are shown in Appendix 2.

1.3 Including Corporate items, the current forecast position against the council's net GF budget for the year is projected to be a favourable variance of £0.818 million.

1.4 Officers are projecting an overspend on the HRA of £3.195 million, details are also highlighted in Appendix 2.

## 2 Recommendations:

2.1 That the Committee resolves to:

2.2 Note the Council's latest financial monitoring for the financial year 2025/26 and pass any comments and observations to the Executive.

2.3 Note that underspends be earmarked for any additional interim support needed at the current time.

## 3 Reason(s) for recommendation:

3.1 To ensure that councillors and Executives fulfil their responsibilities for the overall financial management of the Council's resources.

## 4 Next steps

4.1 The next monitoring report due to committee will be the quarter 3 report.

## 5 Exemption from publication

5.1 All of this report is not exempt from publication.

## 6 Background and Proposal

6.1 This report summarises the forecast outturn for General Fund Revenue, Housing Revenue Account and General Fund Capital for the 2025/56 financial year. Included is the Quarter 2 position.

## 7 Links to our Strategic Priorities

7.1 Councillors have reviewed and adopted a Corporate Strategy for 2024-2034. Monitoring of our financial position during the year is a crucial part of managing the resources that will ultimately support the delivery of the Corporate Strategy.

## 8 Opportunities for Collaboration and Local Government Reorganisation implications

8.1 The Finance Team continue to work closely with Waverley Borough Council colleagues on the alignment of our processes and policies with the aim to fully align the presentation of our financial monitoring in the future.

8.2 This report is a reflection on the financial performance of the Council for the past year and there are no direct LGR implications. However, the reserves and debt levels presented within the Appendices will be of crucial importance to any new Unitary authority.

## 9 Consultation

9.1 Finance specialists prepare the financial monitoring in consultation with the relevant Service Managers, Assistant Directors and Joint Strategic Directors.

9.2 The lead councillor for finance has been consulted on the content of this report.

## 10 Key Risks

10.1 Any overspend on the GF will impact on the Councils reserve position and potentially in future years depending on the reasons for the overspend.

10.2 Any overspend on the HRA will impact on the ringfenced reserves held within the HRA.

10.3 The value of unpaid work held within the orchard system may have significant impact on GF and HRA reserves.

## 11 Options

11.1 This report outlines the anticipated end of year position for the 2025/26 financial year based on the latest assumptions and actual data. This report should be considered in the current economic context.

## 12 Issues for consideration

### 12.1 Financial implications

12.1.1 The current forecast against the council's net GF budget for the year is projected to be a favourable variance of £0.818 million. A detailed breakdown is shown in Appendix 1.

12.1.2 Within Off-Street parking there is a forecasted reduction in parking income. This is being reviewed each month to ascertain the best way to mitigate the shortfall. Following this ongoing review the adverse forecast has reduced by £0.134m.

12.1.3 There is an adverse variance within the Finance Service due to a required adjustment for the Surrey Pension fund strain in the sum of £0.194 million.

12.1.4 Within Planning Policy and Development Management, there are several staff vacancies contributing to a favourable variance of £0.365 million. Both services are in the process of recruiting to these roles.

12.1.5 Within Legal Services, following a review of the joint working arrangements with WBC and the revised expected costs to GBC, the forecast has been changed to reflect this favourable variance of £0.300 million.

12.1.6 The HRA is forecast to have an adverse variance of £3.195 million this financial year, as shown in Appendix 2. This would reduce the forecasted balance in reserves.

12.1.7 The adverse variance and movement on the HRA is mainly due to agency costs being forecasted to contract end date following a review of all staffing costs as well as increasing asset maintenance costs over budget which was based on last years actual spend.

12.1.8 The draft general fund earmarked revenue reserves estimate as at 31 March 2026 is shown in Appendix 5. The level of projected earmarked reserves available for general purposes, to support the revenue or capital budgets is £18.780 million.

12.1.9 Appendix 3 summarises the current position on the various strands of the Council's capital programme including the Housing Revenue Account. A full review is ongoing to ensure that current forecasts are robust.

12.1.10 As at the 31 July 2025 the sundry debt (including Housing Benefit overpayments) position is £6.656 million of which £6.179 million is overdue as shown in Appendix 4. Of this amount due now, £1.362 million of this debt are subject to payment plans.

12.1.11 The outstanding debt balance is subject to monthly fluctuations, primarily driven by the volume and value of invoices raised. It's important to note that the total debt figure includes items not yet due, which can temporarily inflate the headline number.

12.1.12 When focusing on aged debt — specifically invoices overdue by more than 31 days — there is generally a steady decline over the past 12 months.

12.2 **Legal implications**

12.2.1 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in the budget and regularly monitor its finances throughout the year. There are statutory obligations placed on the Section 151 Officer in relation to setting a balanced budget as well as specific duties in circumstances where expenditure will exceed available resources.

12.2.2 Having set a budget at the beginning of the year, the Council is also under a duty to monitor that budget during the course of the year and to take remedial action if at any time it appears likely that expenditure will exceed available resources.

12.2.3 The Council is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements.

**12.3 Human Resources and Equality and Diversity Considerations**

12.3.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
(b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

12.3.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

12.3.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

12.3.4 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

12.4 **Climate Change / Sustainability Implications**

12.5 This duty has been considered in the context of this report and it has been concluded that there are no climate change or sustainability implications arising directly from this report.

## 13 Overview & Scrutiny Comments

13.1 Not applicable

## 14 Suggested issues for Overview & Scrutiny

14.1 LGR data requests have been and will continue to be received. These are and will be responded to as a matter of urgency.

## 15 List of Appendices

15.1 Appendix 1 – Directorate Summary Period 7 2025-26

15.2 Appendix 2 – Variance Explanations Period 7 2025-26

15.3 Appendix 3 – Capital Period 7 2025-26

15.4 Appendix 4 – Debt Period 7 2025-26

15.5 Appendix 5 – Reserves Period 7 2025-26

## *16* List of Background papers

16.1 None